

April 14, 2010

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, Northwest
Washington, DC 20551

Re: Docket No. R-1384 - Credit CARD Act Provisions

Dear Ms. Johnson:

Branch Banking and Trust Company and its affiliated banks and subsidiaries of BB&T Corporation (BB&T) appreciate the opportunity to comment on the Board's proposed amendments to Regulation Z implementing the Credit CARD Act.

At Dec. 31, Winston-Salem, N.C.-based BB&T Corporation had \$165.8 billion in assets and operated more than 1,800 financial centers in 12 states and Washington, D.C.

BB&T supports the intent of both the Credit CARD Act and the proposed amendments that credit card penalty fees should be both reasonable and proportional to the omission or violation related to the fee, and is in general agreement with the criteria the Board proposes for determining if a penalty fee is reasonable and proportional. We do have comments on specific aspects of the proposed amendment which are listed below.

Re-evaluation of Rate Increases

The proposed rule would require, for rate increases imposed on or after January 1, 2009, that creditors conduct a re-evaluation of the factors that resulted in an account's rate increase no less frequently than every six months, and reduce the account's interest rate where appropriate, based on the results of the re-evaluation.

While we support the concept of a subsequent re-evaluation for accounts where a rate increase has been imposed, we believe the requirement should exclude situations in which the rate increase was not applied to existing balances at the time notice of the increase was provided, or situations in which the cardholder was given the right to opt - out of the increase.

We also recommend that the 30 day time period for reducing the interest rate on an account as a result of a periodic re-evaluation be changed to 45 days, to be consistent with the notice period for rate increases. We believe that using the same time period for

both events will lessen confusion for all parties involved and that 45 days is a reasonable time period for implementing a rate reduction resulting from a periodic re-evaluation. Page 2.

The Board also solicited comment on whether the obligation to periodically re-evaluate rate increases applicable to a consumer's account should terminate after some specific time period elapses following the increase. We recommend that, for rate increases associated with the credit risk of a borrower, the requirement for subsequent re-evaluations should end one year following the date of the rate increase, which we believe is a reasonable period of time that also takes into consideration the costs that would be involved in conducting ongoing re-evaluations twice a year for an extended period.

Penalty Fees

The Board solicited comment on additional types of penalty fees based on consumer behavior that should be permitted under the proposed safe harbor. BB&T believes that card issuers should have the flexibility to tier the amount of fees or impose fees on an incremental basis, as described in the proposal, and believes the safe harbor should include these types of fees.

Additionally, BB&T believes that fees for declined transactions, inactive accounts and for account closures and terminations should be permitted. Card issuers incur network costs for declined transactions, and there are also costs, including those for producing and mailing periodic statements and annual notices and for computer processing, for maintaining inactive accounts and closing accounts. It is reasonable that issuers should be able to assess reasonable fees in these situations.

BB&T also disagrees with the proposed provision that would prevent an issuer from charging more than one penalty fee for a given transaction. In the example provided in the proposal, where a check used to make a minimum payment is returned, causing the credit card account to become delinquent, it is reasonable that the transaction should incur both a fee for the returned payment and a late fee. For each individual event, the card issuer incurs costs - including handling of the returned item, identifying the related card account and processing the payment reversal, in the event of a return check, and the costs of collecting a missed payment when an account becomes delinquent. It is reasonable that the issuer should be permitted to assess a penalty fee for each event, whether they occur separately or as the result of a single transaction.

We also welcome the Board's plan to provide a safe harbor for penalty fee amounts that would be limited to the greater of a specific dollar amount or 5% of the amount of the associated violation (up to the specific dollar amount). We urge the Board to also provide a minimum fee amount that is permissible regardless of the amount of violation.

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Thank you for your consideration of our comments, and please feel free to contact me with any questions.

Sincerely,

Joseph S. Blount
Senior Vice President & Payment Systems Consultant